Superlinx
AN UPLOADING STRATEGY FOR A MODERN PROVINCIAL TRANSIT AUTHORITY
Input for Metrolinx’s Regional Transportation Plan
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INTRODUCTION

The Board’s Vision
The Toronto Region Board of Trade (the Board) has a vision for a modern transit authority that is best in class globally. This regional transit authority would plan and oversee a system that pays for new lines and superior service enhancements substantially through commercialized transit related assets—not new taxes. This modern transit authority would quickly deploy smart technologies and service features systemwide, thanks to its unified planning and operations platform. It would ensure public transit land is maximized to meet housing and commercial needs. It would plan and fast-track the delivery of a super regional transit network to meet the needs of Canada’s most populous and economically active region—the Toronto-Waterloo Corridor (the Corridor).

The Problem
In September 2014, the Board released a report called Build Regional Transportation Now. Through it, the Board called on governments to prioritize transit projects based on business-case planning and to develop a long-term financial plan for transit projects. Importantly, the Board also urged policymakers to deliver transit more effectively through an enhanced governance model—the Board put forward four alternative models for consideration. The Board had hoped its ideas would lead to a radical improvement in the way new transit lines are developed.

Since this report, there have been some encouraging signs of progress. The federal and provincial governments have announced or renewed their commitments to spend billions on new transit across the Corridor. New transit lines are under construction in Durham Region, Kitchener-Waterloo, Mississauga, Toronto and York Region, along with an expansion of GO regional rail service. Furthermore, after some delays, a single fare card is finally accepted by all transit operators in the Toronto region.

Despite this progress, we are falling behind on the service quality of our global competitors and not addressing the demands of our growing population. More rapid transit lines should be under construction to meet the needs of our growing population, but numerous lines are mired in delays. Conflicts between governments, which fuel delays, arise because there’s no evidence-based approach for prioritizing which lines get built first and along what routes. Even when priorities and planning do align, cities still lack the necessary funds to cover their share of new transit investments. Debates about revenues and taxes continue, while projects fail to progress. Finally, the lack of a truly regional system leads to poor integration, lackluster rider experiences and missed opportunities, such as the failure to properly develop real estate assets allocated to rapid transit stations to raise capital and address the region’s housing needs.

Toronto is a vibrant, global city region and requires a transit system that meets the needs of the citizens in one of the fastest growing metros in North America. Toronto is consistently ranked among the top cities in the world for quality of life, but its transit capacity—once an enviable strength—is now a comparative weakness. When transit growth should be speeding up, it is slowing down. The progress sought by the Board in 2014 has not been realized and the existing, fragmented transit development and operating model is not meeting the needs of taxpayers, the business community and transit users.
The Opportunity

Inspired by the remarkable and innovative transit authorities of other global cities, the Board proposes it is time to create a modern transit authority for Toronto and the region. Based on the research it recently conducted with other chambers of commerce for a federal supercluster bid and regional movement of goods strategy, the Board believes there is evidence for having a modern transit authority oversee transit operations along the Corridor. The path for achieving this is uploading all 11 municipal transit operations along the Corridor to a single provincial agency. This agency, nicknamed Superlinx would:

- Generate the financial means to substantially contribute to new projects and service enhancements, by leveraging underdeveloped transit related real estate assets;
- Ensure public land is being used to address our region’s housing supply requirements, by overseeing its use and planning;
- Deliver a superior rider experience through the deployment of smart technologies to enable a single fare, a unified schedule, multi-modal integration and superior first and last mile services;
- Fast-track transit expansion by centralizing funding, land use planning and minimizing uncertainty for private sector partners generated by intergovernmental disputes; and
- Offer a single operating agency to provide an integrated regional service model, dedicated to a smarter financing model, improving operational efficiency and offering a superior rider experience.

Superlinx would provide the vision, scale and resources to finally provide the world-class transit system that the Corridor needs. As one of the fastest growing centres in North America, we need a regional transit strategy to integrate the one million new residents who have moved into this region in the previous 10 years, and the more than 1.25 million who will arrive in the coming decade.

BENEFITS OF SUPERLINX

[Quotation for Visualization] “The fastest way to create a modern transit system that puts riders, and their experiences, at the centre of everything is with a unified platform for scaled innovation, land-use planning and smart technology adoption—Superlinx.”

Superlinx promises to transform transit in our region, leading to numerous benefits for riders, taxpayers and governments.

For Riders & Taxpayers, Superlinx:
- Creates a unified platform, with scale, for spreading innovation and smart technologies;
- Delivers clear responsibility for transit services, user experience and expansion;
- Builds transit lines and service, better and faster than is currently possible;
- Produces enhanced cross-boundary services, particularly at the Toronto border;
- Offers superior integration of schedules and timetables;
- Swiftly delivers a single, fair and integrated fare model for the Corridor;
- Maximizes land use for housing, commercial and public services; and
- Leads to less time and money wasted on politicization and intergovernmental conflict.
For Municipalities, Superlinx:
- Delivers long-term fiscal capacity that they need;
- Relieves them from one of their fastest-growing operational costs;
- Releases them from funding one-third of future transit expansion projects;
- Creates the tax and debt room they require to address other essentials (housing, water, etc.);
- Makes the Corridor more competitive with other global city-regions;
- Provides enhanced transit services that will increase the appeal of smaller municipalities for businesses and workers;
- Resolves disputes and ends transfers to recover Presto costs; and
- Frees up staff resources and time spent in Council related to transit issues.

For the Province, Superlinx:
- Allows it to regain control and accountability of its transit revenue;
- Means faster results and less time wasted on repeated municipal negotiations;
- Facilitates multi-year budgeting, minimizing budget-led service disruptions;
- Unlocks the untapped potential of our region’s publicly-owned real estate assets, providing significant expansion capital;
- Offers the scale necessary for the deployment of efficiency enabling procedures and technologies;
- Reduces disruption caused by contradictory municipal planning decisions; and
- Promises to swiftly deliver transit projects faster and on budget.

MISSED OPPORTUNITIES: LESSONS FROM OTHER CITIES

<table>
<thead>
<tr>
<th>Real Estate Development Opportunities</th>
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<tr>
<td><strong>Where:</strong> London, UK; Hong Kong; Montreal</td>
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**What is being achieved:** London’s Crossrail project budgeted for £500 million ($840 million) in development income toward its overall project cost—and Parliament gave it planning authority at its own stations to deliver on that goal. Hong Kong’s MTR transit corporation goes even further, with a majority of its annual operating and capital revenues coming from property rentals, property development and ancillary income. Closer to home, Quebec’s provincial pension fund expects to recoup at least some of its investment in a new Montreal LRT through real estate development.

**What is possible here:** There are numerous opportunities for real estate development within the Corridor’s transportation network. Almost all of Metrolinx’s Eglinton Crosstown stations will be stand-alone, single-story sites with no development, despite initial projections that development at just four stations could raise $75 million for construction. In one widely-reported case, a developer bid for Metrolinx’s air rights over the Eglinton and Avenue Road station to build a fifteen-story residential tower with ground floor commercial space. Metrolinx rejected the proposal, partly due to a lack of city approvals. This project would have secured $5 million in one-time revenue to defray station costs, while the City would have earned an estimated $325,000 in annual tax revenue over and above development charges for the project. Superlinx will have the expertise and unified authority to capitalize on these opportunities, reducing the financial burden on riders and taxpayers.
### Building Affordable Housing

**Where:** London, UK

**What is being achieved:** In 2015 Transport for London (TFL) released 300 acres across London to develop 10,000 new and affordable homes at 75 sites. TFL is bringing together large developers, small and medium enterprises, and other community organizations to design holistic community developments to help diversity the pool of people and businesses that benefit from London’s growth.

**What is possible here:** Both the Toronto Transit Commission (TTC) and GO Transit oversee large and valuable real estate holdings (parking lots, stations, service yards, air rights, etc.) There are too many examples of where these holdings are being underused. Superlinx would evaluate all transit related real estate assets to ensure they are being used for their best purpose. One option Superlinx would have is to develop urgently needed housing stock in Toronto.

### Smart Service Delivery

**Where:** Hannover, Hong Kong, Washington D.C.

**What is being achieved:** In 2016, Hannover launched Mobility Shop, a fully multimodal service which provides an app to connect riders with public transit, taxis, ridesharing and car-sharing. Users are then invoiced with on a single “mobility bill” which reduces the costs and complications. Beyond transportation, Hong Kong’s Octopus fare card (introduced in 1997) can be used as a payment card at shops and as an access card for businesses, schools and residences. Washington, D.C.’s Metro system has piloted a grocery pickup service, where commuters can order food online and then pick orders up at their home transit station.

**What is possible here:** Through better planning and a mandate to improve services, Superlinx has the potential to transform the Corridor’s transit stations into mobility, residential and commercial hubs. A single app will allow riders to schedule and pay for all of their transportation needs, while an expanded PRESTO card system would provide greater value to users. Stations will be able to serve as hubs for expanded residential and commercial opportunities, including grocery, medical clinics, daycare services and e-commerce delivery pickup, to allow them to serve as more than just transit points.
PRINCIPLES & FEATURES OF SUPERLINX

The idea of a single regional transportation agency for a global metro region such as the Corridor is not unique and there are many different approaches to the structure and governance of such an organization. The Board’s own 2014 report proposed four different governance models for the Greater Toronto and Hamilton Area (GTHA) transit, and examples such as New York’s Metropolitan Transit Authority (MTA), Paris’ RATP and Transport for London provide a variety of examples to follow. While there are many options, the experience of the Corridor with transit planning, construction and operations leads the Board to recommend a complete upload and consolidation in a new provincial agency, preliminarily titled “Superlinx.” The structure and operations of the agency will be based around five essential principles:

Unified Authority

Current responsibility for planning, operating and funding transit in the Corridor lies with more than a dozen governments at the federal, provincial and municipal levels. To address the complexity, competing priorities and politicization, the Board proposes that all responsibility for transit is uploaded into a single, new provincial agency. The Superlinx agency will have authority over transit planning, operations, expansion and asset management. Consolidation will allow the agency to improve services, find efficiencies and maximize the value of its assets. This proposal also has the virtue of simplicity, avoiding the coordination problems created by partial uploads of only planning authority or rapid transit lines.

Moreover, consolidation also makes the lines of accountability clearer. Under the status quo, transit operations and expansion are political footballs that are constantly tossed between governments. New projects are delayed as municipal governments search for scarce capital funds or feud with the province over operational authority (such as with the Hamilton LRT). Putting the authority exclusively with a single provincial agency will remove jurisdictional disputes as a reason for delay and operational inefficiencies.

Finally, a single transit authority will be better able to manage the procurement, logistics and talent pipelines necessary to build and operate an expanded regional transportation network. The Superlinx agency will be able to procure a single, integrated technology solution for the entire region, providing a better user experience at a lower cost. In addition, centralizing the management of transit expansion will allow Superlinx to work with the education sector to ensure that we are producing the significant number of skilled tradespeople necessary for these projects, a need identified in the Board’s 2016 report, Building Infrastructure, Building Talent.

Regional Perspective

Beyond the efficiency and unified vision that comes with centralizing transit authority is the ability of the new agency to act regionally. Decisions, such as fare structures and bus routes, are often made locally with little regard for region-wide transit needs. Although local transportation authorities, notably the TTC, have significant experience in delivering transit, they are limited by geographic, organizational and financial constraints that the province does not face. Regional coordination is needed, and this can only be achieved through consolidation by the province.

Vesting full transit authority with the province also places this expensive, capital-intensive sector with the order of government best able to finance it. Relying primarily upon property taxes, user fees and transfers from other governments, cities often struggle to find the funds necessary to meet the capital contributions necessitated by the current “one-third” model (where federal, provincial and municipal governments each contribute a third of the total cost of new projects).

1 These options included a transit “alliance” between municipalities (enhanced status quo), the creation of a unified, city-led agency, the separation of transit planning and operations at the municipal level and uploading transit to a provincial government agency.
Evidenced-Based Priorities
The lack of progress on many of the proposed rapid transit lines, such as the Brampton LRT, Downtown Relief Line and Scarborough LRT/Subway cannot be attributed solely to lack of coordination or funding. Part of the problem stems from the lack of a proper prioritization of the many transit projects and a need for greater evidenced-based planning. To get the right projects built quickly, the new agency will have a strong mandate to prioritize based on ridership data and projections. In addition, the agency would also prioritize projects that could be built faster, such as those with completed environmental assessments. To protect the Superlinx agency from provincial politicization and interference, clear rules would be introduced to safeguard its independence (see the Governance section for more information).

Commercialization & Innovation
The new agency will have a new mandate to find new sources of revenue to help fund the region’s transit expansion. The agency will include a real estate and commercialization subsidiary fully devoted to seeking the highest and best use of land allocated for stations and parking. Superlinx will take advantage of the opportunities presented by advertising, real estate development, and new commercial and public services, such as restaurants, medical clinics, child care, Service Ontario centres and pickup locations for groceries and other deliveries.

In particular, real estate is a potential growth opportunity for Superlinx. As the province and the region’s municipalities put renewed emphasis on densification near rapid transit, the under-utilized land near subway, LRT and GO stations is ripe for new development. Monetizing these assets, including their air rights, will provide additional capital to expand and maintain the region’s transit network.

Beyond innovation in commercial opportunities, Superlinx will also be better-placed to adapt to and adopt technological advances in the transportation sector. The imminent deployment of Autonomous, Connected, Electric and Shared (ACES) vehicles will allow for improvements to public transit systems, especially bus routes. They also present the best opportunity to transform first and last mile service. The new agency will have the scale and resources to coherently integrate new technology across the region’s transit operations.

Enhanced Service
It took until 2017 for a single fare card to be recognized on all transit services across the Corridor—more than a decade after other global cities. Even today, the closest thing to a unified transit planning experience comes from third-party software. Someone trying to schedule travel across the Corridor must rely on multiple websites and schedules, many which are not user-friendly and none which are integrated with each other. Fares, routes and schedules are not fully optimized for passengers crossing city boundaries.

Superlinx provides an opportunity to focus on the rider. A fully integrated fare system will provide rational, distance-based fares that don’t change solely because of a municipal boundary. Routes will be planned on the basis of transit demand and trip planning and schedules will be centralized into a single IT system. The regional perspective of the new agency along with its combined, centralized resources will allow a better customer experience.
GOVERNANCE & STRUCTURE FOR SUPERLINX

Superlinx will require a new governance structure to meet its new mandate as the sole transit agency for the region. Additionally, the new governance model should address the current challenge, faced by all large public agencies, of providing services and accountability without the politicization of key projects. Finally, the new organization should be positioned to improve services and take advantage of commercial opportunities and its real estate assets.

The models provided by successful regional transportation agencies, such as Paris’ RAPT, London’s Crossrail and Hong Kong’s MTR, demonstrate that effective governance relies on expertise, independence and clear lines of accountability. Based on these examples, the Board proposes the following governance model for the new agency.

Superlinx Board of Directors

The centre of the new governance model is the Board of Directors for the new agency. The Superlinx Board will be responsible for approving the operational and capital plans of the agency, forwarding them to province for final approval and funding (see below). The Superlinx Board would also be responsible for hiring executives and reviewing their performance. It would also oversee the operations of the Real Estate and Commercial Revenues Unit, which will be responsible for generating new funds for transit operations and expansion.

To ensure that the Superlinx Board emphasizes expertise and operates independently, at least half of all of its members will be Independent, Non-Executive Directors (INEDs). These directors would include business leaders and transit experts, as well as representatives of private capital who invest in the agency’s commercialization efforts. At least one INED would be reserved for a representative of citizens’ or riders’ advocacy groups, a successful model of public feedback that the Board of Paris’ RATP uses. An independent nomination committee would be responsible for nominating INEDS to the Superlinx Board, similar to the experience of London’s Crossrail. This committee could draw on resources from a subcommittee of the Board of Directors as well as the province’s Public Appointment Secretariat.

The largest portion of the remaining directors would be nominated by government. Most of these would be provincial nominees, reflecting the Province’s central role. However, the provincial government would be limited to nominating no more than half of its nominees from the civil service, to help secure the independence of the Superlinx Board. The remaining government directors would include rotational representation from municipalities in the region.

The final portion of directors would include representatives from Superlinx’s executive team, including the CEO. This would be the smallest category of Board representation.

This structure puts most of the power with independent, non-governmental directors and is consistent with the best practices from other jurisdictions. The Superlinx agency will be large enough to have the prestige and capacity to attract a high calibre of directors and will possess the independence to make the timely, evidence-based decisions about transit that are necessary for a world-class system.
Local Representation
While the Board of Directors will provide some representation for municipalities, transit riders and local experts, further channels for local input will be added to ensure that local interests are fairly represented. This will include a formal “service change” process to create consistent local expectations for how proposed changes will be promoted and how affected residents can provide feedback.

To ensure the best experience for riders as well as to integrate land-use planning with municipal goals, Superlinx will also work closely with city officials, both elected and appointed. This will include a formal, annual process of consultation with elected officials from all levels of government as ex-official participants.

Real Estate & Commercial Revenues Unit (RECRU)
The establishment of a single, regional transportation authority is also an opportunity to find new revenue streams to fund transit operations and expansion. In particular, the region’s transit agencies often own undeveloped or under-utilized land immediately adjacent to rapid transit stations. New lines do not fully realize development opportunities. Developing these properties will allow Superlinx to fully-realize the value of these assets and repurpose the return into new transit projects.

Responsibility for real estate development and other commercial opportunities (such as agreements to allow grocery and parcel pickup at stations) will be the responsibility of the RECRU, a special subsidiary of Superlinx tasked with attracting investment and increasing revenues. Other transit agencies, notably in Hong Kong and Singapore, have been successful at reducing the costs to riders and taxpayers by fully exploiting available real estate and commercial opportunities.

Provincial Government
In addition to appointing a minority of directors to the Board of Superlinx, the provincial government will have an important role to play in funding the agency and establishing the policy framework in which it operates. For example, the Province may decide that all regional rail lines (GO trains) must be electrified to meet its broader energy and environmental policy. The new agency would be responsible for determining how to meet this policy objective and submitting a funding plan that the province would fund.

The provincial government would also have final approval over the annual budget request submitted by the agency. The experience with similar transit agencies in other global cities, as well as other provincially regulated utilities in Ontario, suggests this model can ensure both the independence of the agency to make operational decisions as well as some accountability for the taxpayer dollars being spent by the province.

One of the greatest challenges faced by a large public agency is delivering services accountably while insulating key projects from the inefficiency created by political disruption. While much of this risk is mitigated by uploading the region’s transit services to a single order of government, further steps need to be taken to ensure the provincial government does not attempt to politicize transit decisions:

- Policy decisions will be established via legislation and regulation. This ensures that decisions are made publicly, with scrutiny from elected officials.
- All meetings and communications between provincial officials and Superlinx executives and Board members will be tracked in a public registry to limit the potential for undue influence and politicization.
FINANCIAL MODEL

The Financial Case for Superlinx

The Corridor’s transit-related real estate assets are an untapped source of commercial revenues. The substantial revenues that could be generated from air rights, lease agreements, property development and asset sales could substantially pay for new lines and superior service enhancements—not new taxes. For instance, London’s Crossrail project is expected to generate £500 million from the development of 12 properties encompassing three million square feet of high quality office, retail and residential space between Paddington and Woolwich. There is no reason this sort of smart development cannot happen here too.

A Pathway for Provincial Uploading

The numbers add up. The province can upload municipal transit operations along the Corridor within its current fiscal position. Without raising taxes, or transit fares, the province can assume control of the Corridor’s municipal transit operations. Here’s how: the total $3.4 billion cost of in-year transit operations and state of good repair (SOGR) can be covered using a three-step approach.

**STEP 1:** Upload each operation’s transit fares, as well as all applicable government transfers

Doing this would enable the province to recover $1.9 billion of in-year transit revenues, or approximately 56 per cent of total in-year transit expenses. Exact totals for each municipality’s transit fares and applicable government transit transfers are broken out in detail in Appendix B.
**STEP 2:** Recover a portion of each operation’s tax supported transit revenue by introducing a new provincial payment in lieu (PIL) of taxes

It’s commonly recognized that transit fares do not cover the full cost of transit operations. To make up the difference, municipalities have covered the outstanding sum through their tax-supported budgets. Without transit operations to run, these municipalities along the Corridor are relieved from one of their largest and fastest growing operational obligations. Having the province also recover a portion of each municipality’s historic tax-supported transit revenues is also the fair thing to do, because it ensures other parts of the province are not subsidizing the Corridor’s transit bill. A new provincial payment would enable the province to recover $1.2 billion of in-year transit revenues, or approximately 37 per cent of total in-year transit expenses. Exact totals for each municipality’s tax supported transit revenues are broken out in detail in Appendix B. Importantly, the formula for recovering tax supported transit payments is designed to take less revenue than municipalities previously spent on transit operations and SOGR.

**STEP 3:** The province covers the outstanding in-year expenses of each operation by repurposing existing general revenues or planned increases to gas tax transfers.

The province’s contribution can also be comprised of future, and substantial revenues, generated by the new Superlinx Real Estate and Commercial Revenues Unit. Doing this would enable the province to cover the residual $264 million, or approximately 8 per cent, of total in-year transit expenses for the Corridor. Exact totals for each municipality are again broken out in detail in Appendix B.

**Funding Relief for Municipalities**

Uploading offers municipalities the long-term fiscal capacity they are seeking. It releases them from the responsibility of funding one-third of future transit expansion projects, and relieves them from one of their fastest growing operational expenses. Additionally, by taking less than what municipalities previously spent on their transit operations and SOGR, as well as by commercializing the Corridor’s undeveloped real estate assets, significant and permanent funding relief is created for the Corridor’s municipalities.

To properly upload transit operations along the Corridor, the province must assume responsibility of existing transit-related debt. All told, municipalities along the Corridor hold $3.1 billion in transit debt—of which, 81 per cent belongs to Toronto. Taking on these liabilities further helps municipalities by freeing up much needed borrowing capacity. Municipalities, like Toronto, are quickly reaching their existing debt limits. Logically, if transit debt is uploaded, capital assets specific to transit should also be uploaded to balance the province’s books. The estimated book value of transit related capital assets along the Corridor is $7.5 billion. Uploading capital assets specific to transit is also needed to facilitate the more effective delivery of responsible transit-oriented development overtop and adjacent to transit stations. For example, many Eglinton Crosstown stations under construction do not offer concurrent development. This is a missed opportunity, since other major transit agencies in London, Singapore and Montreal rely on multi-use developments at transit stations to finance transit construction. Consolidation of capital assets under Superlinx would finally pair the necessary policies, investments and authority to do the same.

For Toronto, it would mean being released from:

- A financial obligation to build new lines, such as the $6.8 billion downtown relief line.
- A financial obligation to find funding for $15.3 billion in unfunded transit related projects.
- The TTC’s net expenditure growth of 4.5 per cent annually.
Funding Future Projects

If municipalities are no longer responsible for running transit operations, logically they shouldn’t be required to fund new lines. Historically, municipalities have been responsible for funding one-third of the cost of new capital projects. The province can makeup this shortfall in two ways.

**METHOD 1:** Commercialize transit-related real estate assets, as is done in many other jurisdictions, to finance new construction.

**METHOD 2:** Leverage vertical public-private partnerships to finance new construction.

A Pathway for Provincial Uploading

![Graphical representation of net book value of capital assets and new contributions]

- **Net Book Value of Capital Assets for Conventional & Special Needs Transit**
- **Transit Related Debt**
- **New Provincial Payment in Lieu (PIL) of Taxes Used to Recover a Portion of Tax Supported Transit (Operations & SOGR)**
- **New Provincial Contribution**
  (A Combination of Repurposed General Revenues, Gas Tax Increases & Commercialized Real Estate Holdings)

*Sources: Municipalities 2016 Provincial Financial Information Returns*
Funding Relief for Municipalities

- **Total In-year Funding Relief for Municipalities** = Total Previous Tax Supported Transit (Operations & SOGR) - New Provincial PIL
  - Includes $40.6 million generated annually by Toronto’s City Building Fund Levy
  - Toronto would also benefit from a one-time release from its $15.3 billion in unfunded capital projects
  - Includes $30-million released from the RTMP Reserve Fund

*Sources: Municipality’s 2016 Provincial Financial Information Returns & Operating/Capital Budgets*

Debt relief for Transit Assets

- Net Book Value of Capital Assets for Conventional & Special Needs Transit
- Transit Related Debt

*Sources: Municipalities 2016 Provincial Financial Information Returns*
TIMELINE

The consolidation and transformation of the Corridor’s transportation systems into Superlinx will take time. Other mergers of major regional transit organizations—such as the merger of LACMTA to create the Metro system in Los Angeles—took between two and four years to complete. During this period, operations can be managed autonomously as before, with policy issues and major capital decisions forwarded to a transition board for review.

The Board’s proposal is to expand the overall scope of regionalization across four stages.

**STAGE 1: Immediate**

Move all Corridor rapid transit expansion planning to a reformed Metrolinx agency. Operations will continue as normal through local agencies and existing capital projects—such as the Eglinton Crosstown and Finch LRT—would proceed as scheduled. Any new projects introduced will be financed directly by the province. Local transit planning within regional and municipal governments will remain in place, but be financed and approved by the province directly until further uploading is completed. Preliminary transfer swaps and PILT payments will finance these changes on an incremental basis.

**STAGE 2: Within One Year**

Move all transit-specific assets and liabilities to the regional agency. In the case of uploading city debts, the province will, through an agreement or debt swap, assume full liability for servicing and repayment (as detailed above). The expanded Superlinx will then have the necessary authority to begin development of real estate assets or other business opportunities at any rapid transit station within the region.

**STAGE 3: Within Two Years**

Upload all operations and remaining aspects of regional transit systems. This includes: Burlington Transit, Durham Transit, Grand River Transit, Hamilton Street Railway, Milton Transit, MiWay, Oakville Transit, Toronto Transit Commission, VIVA, York Region Transit and Zum.

In many cases, local transit operations will initially remain under identical management structures and continue operations, as has been the case in the transition to RTM management of portions of the Montreal-area transit network. Initially, this will be simply a change of report on operational, policy and financial matters to the Superlinx agency, rather than to each municipality. In the case of York Region Transit and VIVA, contracts to provide services will roll over to the new agency. Following this stage, changes to introduce new cross-border routes, further fare integration and other benefits of regionalization can be staged incrementally based on agency capacity and ridership benefits.

**STAGE 4: Within Four Years**

Open participation in Superlinx to any other municipal transit services that connect to the regional GO system. This includes (but is not limited to): Barrie Transit, Niagara Region Transit and Peterborough Transit.
APPENDIX A

Cities Outside of The Corridor
The Superlinx concept is built on the importance of the Corridor as Ontario’s economic core. The needs of this global city region require efficient regional policies to properly serve, develop and govern the integrated economic and social life. However, other cities in Ontario have transit system and costs, and some concurrent changes to transit policy will be needed to ensure fairness for services in other areas of the province, particularly as the provincial government devotes additional revenue to the new Superlinx agency.

The Board recommends that, as part of any plan to regionalize transit in the Corridor, the provincial government allows local municipalities outside of the region—including Ottawa, London, Windsor and Sudbury, among others—to choose one of three options concurrent with the earliest stages of the Superlinx transition.

Status Quo
Municipalities outside of the region may be happy with the status quo, maintaining property tax-based funding of local transit services in exchange for total local control. Existing provincial subsidies and transfer payment for capital and operational programs, such as through gas tax revenue, would remain in place.

Financial Exchange
Under this option, cities outside the Superlinx area would exchange provincial grants for block provincial transit funding on the same model applied to the Corridor. The main difference is that these cities would operate under a different management and governance structure to reflect the local transit agency’s status as a provincially-financed organization outside of the Superlinx area. Opportunities for shared procurement or other forms of cooperation between these local agencies and the Superlinx model would still be utilized, where appropriate.

Long-Term Inclusion
Major transit corporations have successfully operated subsidiary transit agencies across significant distances. Before the creation of Translink, B.C. Transit operated rapid transit and bus systems in Greater Vancouver in addition to the Greater Victoria bus system, even though both regions were separated by water. Paris' RATP serves as the contract operator of transit systems far outside of Paris.

Distance should not be a barrier to the Superlinx agency directly managing local municipal agencies outside of the region as subsidiaries if local municipalities choose this option.
### APPENDIX B
Detailed financial information
(enlarged on the following two pages)

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<th>Revenue Sources for Provincial Payments</th>
<th>Repurposed Provincial Revenues &amp; New Debt Estates Revenues</th>
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**Total**: $3,458,309,714

$1,929,270,128

$1,263,749,990

$265,280,596

$3,103,366,581

$7,582,375,697

Sources: Municipalities 2015 Financial Information Returns & Operating / Capital Budgets
## Appendix B

### Detailed Financial Information (1 of 2)

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Sources: Municipalities 2016 Financial Information Returns & Operating / Capital Budgets
## APPENDIX B

### Detailed Financial Information (1 of 2)

<table>
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<tr>
<th>MUNICIPALITIES WITH TRANSIT OPERATIONS WITHIN THE TORONTO-WATERLOO CORRIDOR</th>
<th>REVENUE SOURCES FOR PROVINCIAL PAYMENTS</th>
<th>REPURPOSED PROVINCIAL REVENUES &amp; NEW REAL ESTATE REVENUES</th>
<th>TRANSIT DEBT</th>
<th>NET BOOK VALUE OF CAPITAL ASSETS FOR CONVENTIONAL &amp; SPECIAL NEEDS TRANSIT</th>
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</table>
APPENDIX C

Toronto-Waterloo Corridor Boundaries & Map

The Toronto-Waterloo Corridor (the Corridor) is defined as the five Statistics Canada Census Metropolitan Areas (CMAs) of Guelph, Hamilton, Kitchener-Waterloo-Cambridge, Oshawa and Toronto.